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How to Win the War

FRANK A. VANDERLIP



California
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THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT



How to Win the War

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President

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How to Win the War

I like to see so much enthusiasm for a job as you are showing here. You are here to find out what you can do to help win the war. Now, what is it that your chairman wants you to do? That is what I want to talk to you about: what the job is and the necessity for this work.

It's the biggest job America ever faced, or is ever likely to face. It is a job so big that none of us has walked around and measured it. We have only got some little views of the mountain that is ahead of us. We are just beginning to understand what it means to go to war in the modern sense and what it means to prepare America for war.

We knew we were unprepared. I don't know whether we knew how thoroughly unprepared we were. Our unpreparedness was complete. But when we come to make an inventory of what is necessary; when we come to understand what a gigantic task it is to equip an army; when we come to know something about modern warfare and understand that it is a matter of equipment as much as it is of men; then we begin to see something of the size of this undertaking.

We are apt to measure things with the yardstick of the dollar—this money value of things. We have seen this unprepared country go to war and we have applauded the act. We have seen the Departments

come forward with their estimates of what was necessary to equip this army, and we have seen Congress appropriate for expenditure this fiscal year nineteen billion dollars.

Do you know what a billion dollars is? I don't. I have been used to handling million dollar units a good deal. We know what a million dollars is pretty well. We can picture what sort of a building, how much of a shop, what kind of a store a million dollars represents. Some of us have had to do with ten million dollar transactions. I know pretty well what it means to float a ten million dollar bond issue. I have a little idea of how much railroad track, how much equipment, how many locomotives you could buy for ten million dollars. Once or twice I have had to do with hundred million dollar transactions, and then we did have a five hundred million dollar transaction. We have been growing to this thing by degrees. But suddenly we have this new unit, a billion dollars, and we multiply it by nineteen. Congress did not have any apprehension of what nineteen billion dollars meant. It appropriated patriotically what was asked for. The Departments did not have any conception of what nineteen billion dollars meant to spend. The Treasury certainly had no experience in raising any such sums. But they went at it, and they went at it under wise guidance, and they have raised a vast amount already. They made such a success of the first two billion dollar loan that three billions were subscribed; such success of a three billion dollar loan that four billions six hundred millions were subscribed.

We are coming to see, however, that when Congress appropriates money there is something else to do. We have to raise it, and then we are coming to

see that when we raise money there is something else to do: we have to spend it. And so we are beginning to measure this task, not in dollars, but in things; for it is things that we have got to convert these dollars into. Nineteen billion dollars! It would make a ring of twenty-dollar gold pieces around the Equator, one lying next to the other. It is three times all the money there is in the United States. Every dollar that this Government has spent from its foundation, down through all the wars, through all the days of peace, all it has spent for pensions, for the Panama Canal, for constructing public buildings—every expenditure that it has made from the first days of Alexander Hamilton in the Treasury down to the beginning of this fiscal year—foots twenty-six billion three hundred million, and now we are going to spend nineteen billion dollars in a year! The value of all the railroads in the country—tracks, terminals, equipment, locomotives, cars, everything—is less than nineteen billion dollars. What would you think if we had to reproduce the railroad system of America in a year? It would be something of a job, wouldn't it?

Now, of these nineteen billion dollars, you may say at once, not every dollar is to be spent for Government purposes. Why, we are loaning six billion dollars of that to the Allies. Yes, but for what? To spend for things here in the United States. It is true we are spending some of that for food; something for the products of the farm. We are using a little of it to pay the soldiers. But in the main, that nineteen billion dollars is to be spent for the products of the workshops, for the result of manpower, for what we can turn out with the organized industry of this country.

This brings us to the question: What can organized industry do? How big is the industrial plant of this country? Three years ago, the year the great war began, the Census Department undertook to find out just what the value of the manufactured products of America was, and they found that they were worth for that year \$24,300,000,000. This year they would be worth a good deal more. We have grown; we have expanded our industries; we are working harder; more men are at work; prices are higher. But suppose that figure is \$30,000,000,000 or \$35,000,000,000. Put in juxtaposition with whatever figure you may set as the capacity of the workshops this demand for \$19,000,000,000 worth of things, and what will your conclusion be? It will be that the Government is going to fail to do its job, or you and I are going to call on the workshops for less than we have been calling upon them for.

That is no theory; it is the inevitable conclusion from two facts; our capacity and this demand. If we are going to continue to call on labor, to call on the supply of raw material, to take up shop room, to make those things that we have been in the habit of asking for; if we are going to continue to demand the things of luxury, of comfort, of convenience that we have been in the habit of demanding, the Government is going to fail to do this job, and you and I are going to paralyze the blow when the Government comes to strike it, because it will not have equipped this army; it will not have equipped it as it should.

Now, that view makes the thing pretty personal. It begins to show us that we have some relation to this job; that the Government is not a thing apart that votes war, that sells bonds and that fights the battle out. This is a democracy. We are part of

that Government, and never before was it so clear that the responsibilities of citizenship come directly to us and demand of us sacrifice; demand of us that we so handle our personal affairs that we do not get in the way of the Government; that we do not become competitors with the Government for those things that the Government must have.

I tell you, we have come to a time when we have got to weigh the expenditure of dollars in a new scale. It is no longer a question of whether we can afford to buy a thing that we want. The question now is: Can the Nation afford to have us buy it? We have got to look at our personal affairs from a national viewpoint. We have got to see that we have a duty to society, a duty to the Nation—indeed, a duty to the world—in the conduct of our personal affairs. When we spend a dollar we put it into either one pan or the other of a balance. If it goes in on the side of unnecessary expenditure—if by spending it we employ labor unnecessarily, consume material, needlessly take up room in a workshop—that pan will go down and the pointer will turn away from victory. If we put it in the other pan of the scales—if we loan it to the Government—we do two things: We give the Government credit and we give the Government room in the workshops to get its job done. We release labor that we have been commanding; we release material. We put a weight in that other pan that turns the pointer toward victory. So we have that personal responsibility—that necessity for weighing from the national point of view our expenditures.

There are three things you can do with a dollar: You can hoard it, you can spend it, or you can invest it. Now, a hoarded dollar is an idle dollar, and today,

with capital needed, it is a drag on a community, just as an idle man is a drag on a community. An idle dollar is a slacker. But there is something worse than a slacker. A slacker is not doing anything actively to defeat the Nation's purposes. But a dollar that you spend needlessly, a dollar that employs labor or consumes material in competition with the Government, is an ally of the enemy; it is a traitor dollar. That is the way we have got to weigh our expenditures. We have got to analyze day after day what we are doing with our money, and it is no longer a matter of how much we have or how readily we could make the expenditure to get the thing we want.

We must think constantly what is the Government's job; we must recognize how big that job is, how enormous it is compared with the capacity of our workshops. We want to build a billion dollars' worth of aeroplanes. We want to spend two billion dollars on ships. We have appropriated one billion eight hundred millions for ammunition. Why, in this war, which will be one in which the transportation is done in the main by automobile trucks, we have ordered 136,000 horse-drawn vehicles. That would make a procession eight hundred miles long. All this gives just a little glimpse of the endless things we have to do. It gives us a little conception of the draft we are going to make upon manpower, upon raw materials, upon the workshops, upon the organized industry of the country. And, remember, we have taken a million eight hundred thousand men out of industry and have put them into camps. Some of them, too, have not got overcoats yet; a lot of them have wooden guns, and some of them haven't even wooden guns. And, when we buy things that we can get on without, we are postponing the day when they

will have the overcoats. When we buy things that are unnecessary, we are postponing the day that these ships will be ready; that they will be manned; that they will begin to take any great number of our men to the fields of France. And it is only when they are gotten there and there are ships enough to keep them supplied, and supplies enough to fill those ships, that we shall begin to be heard from in this struggle.

Now, these War Savings Certificates; what are they? They are little postage stamps—that is about what you know of them, I suppose. I believe that among all the wise things that the Secretary of the Treasury has done—and I think he has done many wise things—his advice to Congress to give him legislation to issue War Savings Certificates was the wisest, the most far-reaching in its results, of anything that he has done.

A War Savings Certificate is a piece of paper upon which is printed the promise of the Government. It is without value except as that value is measured by stamps that are attached to it. Those stamps will all mature January 1, 1923. It is our aim to have them on sale at more places in the United States than any other single article.

Now, let us see what an investment in War Savings Stamps is like. You pay this month or next \$4.12 for one of these stamps. When you buy it, it is attached to a certificate that has on it a place for twenty stamps. Your name is written on the certificate, and after you have attached your first stamp your rights are as complete as they will be at any time, should you fill the certificate or add any number of stamps less than twenty. Now, what are those rights? If you hold the certificate for five years you get five dollars from the Government for every stamp

attached. That means four per cent. compound interest, compounded quarterly. But the buyer may say: "What if I want my money before?" All right; you can have it. The idea is that men are making this loan to the Government for five years, but if in the exigencies of life the holder of one of these certificates needs the money, he can go to any one of the fifty thousand postoffices in the United States, and, on giving ten days' notice, get back the money that he has paid plus one cent a month increase, an increase equal to three per cent. simple interest.

This is the simplest, the most convenient, and surely the safest method of saving that was ever offered to a people. It is not necessary to go to any particular bank, or even to a postoffice. You can buy these stamps anywhere. You can cash them at any postoffice. Suppose you lose this certificate. It is of no use in the hands of anyone but the man whose name appears on it. If an honest person finds it, all he has to do is to drop it into the nearest postoffice box, without postage or further address, and the postoffice will return it to its owner. If a dishonest person finds it, he has to give the postoffice ten days' notice that he is going to commit forgery—which he is not likely to do. So, you see, you are pretty safe. But suppose it should be burned up or otherwise irretrievably lost; then you would be out of pocket. But the Government will even insure you against that, if you will take a little trouble. You can take this certificate to any postoffice and without cost have it registered; have the stamps canceled. After that you have to deal with the one postoffice, and when you add further stamps you have to have them canceled too. You then have something that is equiva-

lent to a passbook. If you lose it you have only to establish your identity and your loss is made good.

For people who find \$4.12 a considerable amount the Government has issued 25-cent thrift stamps. They are affixed to a thrift card, which holds sixteen. The sixteen will cost \$4.00, and their only purpose is to be exchanged for a War Savings Stamp, by the payment of 12 cents or 13 cents, or whatever the price may be in the month that the exchange is made.

There is the whole story. It is simple. It can be explained in two minutes. Any child can understand it. And what is it going to accomplish? It is going to raise two billion dollars. That is a big thing; the biggest financial transaction ever undertaken in this country, excepting the two Liberty Loans.

But that is not the great thing about it. It is going to teach thrift to America. That is a great thing. We needed the lesson. We needed it desperately. We have not stood up very well under that hardest test of all—prosperity. We have become careless; we have become a spendthrift people. Our savings do not compare per capita with those of much poorer countries. Sweden has five times as much saving per capita as we have in this country. So has Switzerland. We have fifteen million depositors in savings banks. I believe we shall see thirty million holders of these certificates. That will be something. It will be thirty million stockholders in the United States. It will be thirty million better votes; better citizens. It will be a political accomplishment that will be hard to measure, and if we are going to really teach thrift; really build up character, so that it will stand self-discipline; make men and women and boys and girls ready to forego the thing of the moment that they

may desire, so that they may have something of greater value in the future; stimulate industry; encourage those good old homely virtues—the virtues by which is to be measured the strength of a nation, not by its money nor by its size—then I believe we shall have gone a long way toward recompensing ourselves for the whole money cost of the war.

But, great as it is, that is not the big thing. The thing we have got to do now is to win the war. And this is going to help us in the most direct way to win the war. If we do not accept the lesson—if we do not accept the personal responsibility—we are going to lose the war. This war is not won. It is going to be a good many months before it is won by a military decision. It is going to mean a vast amount of preparation. We have got to drill an army of soldiers, but we have got to drill a larger army; an army of many, many millions; drill them to economy, drill them to self-sacrifice, drill them to self-discipline, and, until they are drilled—until we have that unity of purpose which it will mean if we have thirty million stockholders in the United States—the full force of the United States is not going to be felt in this mighty struggle.

So there is the lesson for every one of us to take home to ourselves; not to pass on to somebody else. Do that, yes; but let us practise as well as preach. It is going to be a job of practising day after day. You cannot be good for one hour of the day and do what you please the other twenty-three, and take much credit to yourself. You cannot buy a thrift stamp and think that you are doing your duty. In the measure that you have capacity to spend, in that measure you have got to learn to have the ability to save; not for just the good old fashioned reasons of

economy, but for the reason that I have been trying to make plain: the fact that you are interfering with the Government when you go on with pleasure as usual.

Suppose you wanted a chauffeur and you saw a man driving an ambulance. Would you stop him and say: "I can give you a better job. I will pay you more than the Government is paying you. You may be on an errand of mercy, but get off, I want a chauffeur." You wouldn't do that. Suppose you saw a man turning out a shell at a lathe, and you knew that shell was going to be an effective instrument in a battle. Would you say: "Shut off your lathe. Take that out. The cylinder of my automobile needs fixing. I want you to make a bicycle for my boy. I have a job; I will pay you more than the Government is paying you." Suppose your wife saw a woman making a gas mask. Would she say: "I want a garment made. I want a new hat. Stop on that work." Knowing that that gas mask might save an American life, she wouldn't say that.

But we are all doing just that thing. We don't think. We don't recognize that we are competing with the Government; that we are tampering with the equipment of the army; that we are slowing down the work of the Government getting this army prepared. We send our sons and our brothers to the front. Don't we want them equipped? Don't we want to make their sacrifice as effective as possible? Don't we want as many of them to return as possible? Don't we want to give them all the protection that complete equipment in armament can give? Well, then, we must not tamper with the equipment of the army. We must see that that means each of us. It means what we are spending needlessly day after day.

and it means that we must refrain from some of that spending.

Well, what is this going to mean? Is it going to stop business? Are we going to stop trade? Are we going to break up business? A business man has got to live, you say. But has he? A lot of men are going into this thing who are not going to live, and I have said before, I would rather have a receiver than an executor.

But the thing is not so serious as that to business, for this reason: We cannot make this lesson one hundred per cent. efficient. Loud as we may raise our voices, earnestly as the appeal may be made, we are not going to be one hundred per cent. efficient with one hundred million people. Never was there such full employment. Never were wages so high. Never was there a time when the weekly payroll reached such a gigantic fund. Do you think all the people that have suddenly got so much more money than usual are going to be economical? They told me in St. Paul this morning that the jewelry trade in the department stores was the largest that they had ever known. That is just the experience in England—the largest trade in jewelry they have ever known. Now, do the best we can with people earning the money that they are, we are only going to make them slightly economical. We shall see a distressingly large business in non-essentials; in luxuries. Here, with the farmers having a twenty-one billion dollar crop, against less than fourteen billions last year and nine billions the year the great war broke out, are they suddenly going to be economical and spend nothing unnecessarily? Why, they will spend on luxuries more than they ever spent, in spite of all we can do to bring this lesson

home, and in doing it they will tamper with the equipment of the army. In doing it they will slow down our work, put off the date that we are to be effective and lessen the number of men who will come home alive. That is the responsibility.

So, business men do not need to be afraid of a campaign of economy. Bankers do not need to be afraid of it. Savings banks do not need to be afraid of it. What about the savings banks? This is a better thing than the savings banks can offer. Is it going to break the savings banks? Not at all. I think it will somewhat decrease their new deposits, and while it is doing it, it will be teaching thrift to the community, and the savings banks will be the greatest gainers of all in the end. This lesson of thrift will do more to repair the money ravages of war than anything else that can be accomplished. It is going to be a world hungry for capital, and these millions of new springs of capital—springs that in the aggregate can flow a gigantic stream of capital—will do more to put us in the forefront financially in this new world that is ahead of us than anything else you can imagine. Don't you see the importance of this campaign from so many sides? It makes the mere raising of two billion dollars look insignificant beside some of the greater results that flow from this plan.

I have been preaching—and I suppose it is preaching—for you to be careful about your expenditures; not to spend your money on non-essentials. I want to say a word to you about not spending yourselves too much on non-essentials. Never was there a time when there were so many national problems; immediate problems and problems of the future. I tell you, we drew a red ink line underneath our social

order, pretty nearly, when this war was declared.

The future is going to be very different from the past. Precedent will no longer be a guide. We are going to do things in new ways. We have seen the Government occupy a new relation toward business; toward our affairs. We are going to see state socialism developed as we never dreamed it would be. Right now we are seeing the probability of the railroads being taken over by the Government; taken over because they are inefficient to do their task; because they cannot do what they are called upon to do. Now, why cannot they? I believe largely because they have not had fair treatment. Why haven't they? Because you have wanted low rates, or thought you did when you really wanted good service, and you have applauded the Government when it has imposed impossible conditions upon the railroads. You have not thought much about the railroads from the railroads' point of view. You have been thinking about your own affairs. If you had thought about the railroads, so that there was a well considered body of opinion today as to what ought to be done about the railroads, I believe that it would be done—that Congress would do it. The trouble is that Congress does not know what to do; the Government does not know what to do; and it will in all probability take the railroads over. We have got the railroads into a position where they have lost the confidence of investors. The investor with a free dollar in his pocket has wanted no partnership in the railroads for a number of years. The railroads need a billion dollars a year to make them efficient. Where is it coming from? Either they have got to be rehabilitated in the minds of investors, or the Government has got to furnish the money. Now,

people generally do not want Government ownership, but we are going to get Government control, Government management, and ultimately Government ownership unless we get a body of opinion that will speak with an authoritative voice as to what ought to be done with the railroads, and that body of opinion must come from groups of men like this, who will do some national thinking; who will not occupy themselves altogether with their own business.

There are endless problems that need your minds, need your experience, need your vision, and it is time to look up from your desks. It is time to think of something else than your business; it is time to give something of yourselves to your country and to society.

Take the matter of paper money. There is not a mail I get that has not a suggestion, more or less disguised, from someone with a plan to fight this war on easier terms than floating bonds and imposing taxation, and they think they can fight it with the printing press. It cannot be done. Paper money is always a tragedy. It would be a double tragedy now, because we have billions of securities issued by public service corporations whose income is fixed by law or by Government control, and whose expenses would go up as inflation drove up prices, and that would spell ruin to all those securities; loss to all those security holders. It is not the means of payment that we are lacking. It is the means of production. It is up to groups of men like this to spend time thinking of these national problems in a national way—not spending themselves on non-essentials altogether.

Perhaps of all the mischievous things you could do with your abilities, the worst is to criticize the

Government today without knowing your facts. Most of the criticism is misinformed. You find people with grouches against the Government, criticizing what is being done, fretful about what is not being accomplished, without measuring the size of the job; without knowing anything of the devotion of the men who are giving their lives to it; without understanding any of the facts. Now, there is enough to criticize. There is not one of you that could expand his business twenty times in a year and not have something to criticize. There would be a lot to criticize. There is a lot here to criticize. This war needs a general manager. It needs somebody who will put proper perspective on what we are doing. As we are going now, we are putting as much emphasis on things that are not immediately needed as we are on things that are immediately needed.

Everyone charged with a responsibility for getting anything ready is doing his level best to do it. Congress has made the appropriations, and things that will not be needed for a good while are getting in the way of things that are needed at once. Probably contracts have been too much bunched in the East. The thought was that it would save transportation, but transportation has broken down. Too much of a burden has been put upon it in certain localities. We need to have a Government bureau which will distribute labor. It is not enough that you forego buying things and throw people out of employment, unless those people become connected with the things which the Government has to do. Now, those things are recognized, and steps are being taken to improve them. You can help by thinking about these problems and pushing ideas along and impressing your opinions upon Washington.

And so you have larger duties of citizenship than you have ever had. You have this personal responsibility to understand what this war means in things—in things to be produced; in the products of the workshop—and so to govern yourselves that you do not get in the way of the Government; so to control your expenditures that you leave the Government free right of way.

It is a trite thing to say that we are not awake. We are awake. We know there is a war, but the thing is so big we do not comprehend it. We are asleep so far as recognizing the full significance of these figures is concerned—of understanding how gigantic the task is.

In a French trench a shell exploded. Every man in that trench went down, save one—the young officer in charge. That man stepped up onto the firing bench and looked out and saw coming toward him a charge of German soldiers. That man loved France in his very soul. He could not bear to see another foot of France taken away. He turned to those men lying in the trench and he shouted: “Dead men, get up!” And, stunned and wounded as they were, enough of them got up so that they manned the guns, drove back the enemy, and held the trench for France. And I feel that Liberty is going to say to all of us: “Get up, dead men! Wake up! So feel in your souls what your duty is that you can do the superhuman thing. . Get up and fight this war.”

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